WHAT IS CLAIMED IS:

1.   A financial instrument comprising a futures contract that enables cash settlement while simultaneously preserving the price dynamics of a physical delivery futures contract.

2.   A financial instrument comprising a futures contract that provides the convenience of cash settlement and the clarity of cash-futures spreading relationships.

3.   A financial instrument comprising a futures contracts having tick sizes that differ from a corresponding physical-delivery foreign government debt instrument.

4.   A financial instrument comprising a futures contract that references a basket of securities corresponding to a deliverable basket for a corresponding physical-delivery foreign government debt instrument.

5.   The financial instrument of claim 4 further wherein the basket of securities is identical to the deliverable basket for a corresponding physical-delivery foreign government debt instrument.

6.   A financial instrument comprising a futures contract that is cash settled and obeys the same schedule for last trading day and expiration as a corresponding physical-delivery foreign government debt instrument.

7.   A financial instrument comprising a futures contract that converges to a final settlement value equal to a conversion-factor-weighted price of whichever cash issue is cheapest to deliver into a corresponding physical-delivery foreign government debt instrument.

8.   The financial instrument of claim 7 further wherein, in highly extreme market conditions, the futures contract and the corresponding physical-delivery foreign government debt instrument prices may diverge.

9.   The financial instrument of claim 7 further wherein, in highly extreme market conditions, the futures contract of the present invention

expires at a price level that minimizes unresolved cash-futures arbitrage opportunities.

10. A financial instrument comprising a futures contract that is cash-settled and mirrors a physical delivery mechanism utilized to settle a corresponding physical-delivery foreign government debt instrument.

11. The financial instrument of claim 10 further wherein Exchange Futures for Physical (EFP) transactions are permitted.

12. The financial instrument of claim 10 further wherein the futures contract utilizes a tick size different from the tick size of the corresponding physical-delivery foreign government debt instrument.

13. The financial instrument of claim 10 further wherein settlement price determination assures that the futures contract will expire at a conversion-factor-weighted price of whichever issue has the highest instantaneous repurchase agreement rate among issues in the corresponding physical-delivery foreign government debt instrument.

14. The financial instrument of claim 10 further wherein settlement price determination assures that the futures contract must expire at a price for which the minimum (notional) cash-futures basis is zero within the corresponding physical-delivery foreign government debt instrument.

15. The financial instrument of claim 14 further wherein settlement prices (S) are determined in accordance with:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

> Z is the currency denomination price basis (in points);
>
> N is the number of government securities issues in the contract's basket;
>
> P_i, $i = 1$ to N, are market prices of each security in the contract's basket at the time contract expiration; and

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c_i, i = 1 to N, are conversion factors, where each c_i is the price at which the corresponding government security yields a given percentage to maturity.

16. The financial instrument of claim 10 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a long-term debt instrument issued by the Federal Republic of Germany.

17. The financial instrument of claim 16 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesanleihen (Bunds) notional long-term debt instrument issued by the Federal Republic of Germany.

18. The financial instrument of claim 16 further wherein the futures contract utilizes a tick size of 0.2 (20 Euros).

19. The financial instrument of claim 17 further wherein final settlement value (S) of the futures contract will be determined as:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

Z is 1,000 Euros;

N is the number of Bund issues fulfilling the delivery standard;

P_i, i = 1 to N, are market prices of each Bund issue fulfilling the delivery standard, where all P_i are quoted in points and hundredths of one point, with par being on the basis of 100 points; and

c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund issue, with a one U.S. dollar par value yielding 6.00% to maturity.

20. The financial instrument of claim 10 further wherein the futures contract utilizes as its corresponding physical-delivery foreign

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government debt instrument a bond futures contract based on a medium-term debt instrument issued by the Federal Republic of Germany.

21.   The financial instrument of claim 20 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesobligationen (Bobls) notional medium-term debt instrument issued by the Federal Republic of Germany.

22.   The financial instrument of claim 10 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument Bunds and Bobl bond futures contracts.

23.   The financial instrument of claim 22 further wherein the futures contract utilizes a tick size of 0.2 (20 Euros).

24.   The financial instrument of claim 22 further wherein final settlement value (S) of the futures contract will be determined as:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

> Z is 1,000 Euros;
>
> N is the number of Bund and Bobl issues fulfilling the delivery standard;
>
> P_i, i = 1 to N, are market prices of each Bund or Bobl issues fulfilling the delivery standard, where Bund and Bobl P_i are quoted in points and hundredths of one point, with par being on the basis of 100 points in all instances; and
>
> c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund or Bobl issue, with a one U.S. dollar par value yielding 6.00%.

25.   The financial instrument of claim 10 further wherein the futures contract utilizes as its corresponding physical-delivery foreign

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government debt instrument a short-term federal debt instrument issued by the Federal Republic of Germany.

26. The financial instrument of claim 25 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesschatzanweisungen (Schatz) notional short-term federal debt instrument issued by the Federal Republic of Germany.

27. The financial instrument of claim 10 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument Bund, Bobl, and Schatz bond futures contracts.

28. The financial instrument of claim 27 further wherein the futures contract utilizes a tick size of 0.05 (5 Euros).

29. The financial instrument of claim 27 further wherein final settlement value (S) of the futures contract will be determined as:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

Z is 1,000 Euros;

N is the number of Bund, Bobl, and Schatz issues fulfilling the delivery standard;

P_i, i = 1 to N, are market prices of each Bund or Bobl or Schatz issues fulfilling the delivery standard, where Bund and Bobl P_i are quoted in points and hundredths of one point, and Schatz P_i are quoted in points and halves of one hundredth of one point, with par being on the basis of 100 points in all instances.

c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund or Bobl or Schatz issue, with a one U.S. dollar par value yielding 6.00%.

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30. A financial instrument comprising a futures contract that is a cash settled correspondent to a physical delivery foreign government debt instrument.

31. The financial instrument of claim 30 further wherein Exchange Futures for Physical (EFP) transactions are permitted.

32. The financial instrument of claim 30 further wherein the futures contract utilizes a tick size different from the tick size of the corresponding physical-delivery foreign government debt instrument.

33. The financial instrument of claim 30 further wherein settlement price determination assures that the futures contract will expire at the conversion-factor-weighted price of whichever issue has the highest instantaneous repurchase agreement rate among issues in the corresponding physical-delivery foreign government debt instrument.

34. The financial instrument of claim 30 further wherein settlement price determination assures that the futures contract must expire at a price for which the minimum (notional) cash-futures basis is zero within the corresponding physical-delivery foreign government debt instrument.

35. The financial instrument of claim 34 further wherein the settlement prices (S) are determined in accordance with:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

Z is the currency denomination price basis (in points);

N is the number of government securities issues in the contract's basket;

P_i, i = 1 to N, are market prices of each security in the contract's basket at the time contract expiration; and

c_i, i = 1 to N, are conversion factors, where each c_i is the price at which the corresponding government security yields a given percentage to maturity.

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36.   The financial instrument of claim 30 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a long-term debt instrument issued by the Federal Republic of Germany.

37.   The financial instrument of claim 36 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesanleihen (Bunds) notional long-term debt instrument issued by the Federal Republic of Germany.

38.   The financial instrument of claim 36 further wherein the futures contract utilizes a tick size of 0.2 (20 Euros).

39.   The financial instrument of claim 37 further wherein final settlement value (S) of the futures contract will be determined as:

$$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

Z is 1,000 Euros;

N is the number of Bund issues fulfilling the delivery standard;

P_i, i = 1 to N, are market prices of each Bund issue fulfilling the delivery standard, where all P_i are quoted in points and hundredths of one point, with par being on the basis of 100 points; and

c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund issue, with a one U.S. dollar par value yielding 6.00% to maturity.

40.   The financial instrument of claim 30 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a medium-term debt instrument issued by the Federal Republic of Germany.

41.   The financial instrument of claim 40 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesobligationen (Bobls) notional medium-term debt instrument issued by the Federal Republic of Germany.

42.   The financial instrument of claim 40 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument Bunds and Bobl bond futures contracts.

43.   The financial instrument of claim 40 further wherein the futures contract utilizes a tick size of 0.2 (20 Euros).

44.   The financial instrument of claim 42 further wherein final settlement value (S) of the futures contract will be determined as:

$$S = Z \times (minimum\{ P_1/c_1 \ldots P_N/c_N \}),$$

where:

   Z is 1,000 Euros;

   N is the number of Bund and Bobl issues fulfilling the delivery standard;

   P_i, i = 1 to N, are market prices of each Bund or Bobl issues fulfilling the delivery standard, where Bund and Bobl P_i are quoted in points and hundredths of one point, with par being on the basis of 100 points in all instances; and

   c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund or Bobl issue, with a one U.S. dollar par value yielding 6.00%.

45.   The financial instrument of claim 30 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a short-term federal debt instrument issued by the Federal Republic of Germany.

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46.   The financial instrument of claim 45 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument a bond futures contract based on a Bundesschatzanweisungen (Schatz) notional short-term federal debt instrument issued by the Federal Republic of Germany.

47.   The financial instrument of claim 30 further wherein the futures contract utilizes as its corresponding physical-delivery foreign government debt instrument Bund, Bobl, and Schatz bond futures contracts.

48.   The financial instrument of claim 47 further wherein the futures contract utilizes a tick size of 0.05 (5 Euros).

49.   The financial instrument of claim 47 further wherein final settlement value (S) of the futures contract will be determined as:

$S = Z \times (\text{minimum}\{ P_1/c_1 \ldots P_N/c_N \})$,

where:

Z is 1,000 Euros;

N is the number of Bund, Bobl, and Schatz issues fulfilling the delivery standard;

P_i, i = 1 to N, are market prices of each Bund or Bobl or Schatz issues fulfilling the delivery standard, where Bund and Bobl P_i are quoted in points and hundredths of one point, and Schatz P_i are quoted in points and halves of one hundredth of one point, with par being on the basis of 100 points in all instances.

c_i, i = 1 to N, are conversion factors, where each c_i is the price of the corresponding Bund or Bobl or Schatz issue, with a one U.S. dollar par value yielding 6.00%.